

## Indiana Home Energy Conservation

### Program Guidance WX-10-01

**Background:** The expansion of the Weatherization program over the past two years has brought additional funding from ARRA, a diversity of sub-grantees, a variety of accounting methods, software and backup documentation, additional scrutiny by Federal and State entities and an internal review by IHCDAs accounting staff. Recent visits by the Department of Energy, Office of Inspector General and an internal accounting review by IHCDAs have each referenced inconsistencies in Weatherization's current claims processing system with inadequate and inconsistent backup documentation. Currently all three Weatherization grant funding sources submit claims online through the IHCDAs online claims system. A paper receipt is printed, signed, attached to backup documentation and mailed to IHCDAs for final processing and payment. Future plans call for continued use of the online claims system with the use of scanned signed receipts and scanned backup documentation sent online (paperless online claims).

**Policy:** As IHCDAs Weatherization prepares to accept paperless online claims, this guidance will address three topics: 1) standard methods for all sub-grantees to submit consistent, acceptable, standardized backup documentation; 2) acceptable copies of signatures to submit with paperless claims; and 3) procedures to submit a completely paperless claim through <https://IHCDAsonline.com>

#### Back Up Documentation

Due to the variety of backup documentation submitted, questions by regulatory agencies and an absence of an official policy, this section will outline acceptable backup documentation required for all Weatherization grant claims submitted after the effective date of this guidance. The following two citations are the basis for the new backup documentation requirements.

10 CFR 600 – Subpart C - Section 600.220 (a)

*A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to—*

*(1) Permit preparation of reports required by this part and the statutes authorizing the grant, and*

*(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.*

10 CFR 600 – Subpart C - Section 600.220 (b)(6) Standards for financial management systems.

*Source Documentation. Accounting records must be supported by such source documentation such as canceled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.*

Currently accepted backup documentation requirements fulfill these requirements but IHCD A must begin to trace funds to the expenditure level at our offices with source documents rather than at sub-grantee's offices during monitoring visits. Therefore, new backup documentation will be required by all weatherization sub-grantees after November 1, 2010. The following documentation will be acceptable to submit as backup documentation for a claim:

1. Contractor invoices;
2. Bills and/or receipts from service providers (such as accounting, IT, etc)
3. Receipts for purchases from stores;
4. Receipts for purchases from Centralized Purchasing;
5. Payroll records detailed the employee name;
6. Timecards; and
7. General ledger for overhead or administration costs which are allocated based on an approved cost allocation plan.

#### Acceptable Signatures

Original signatures have been required for all claims, grant agreements, budget modification forms and close out forms. In reviewing DOE guidelines (10 CFR 600.242(d)), IHCD A is allowed to accept a photocopy signature for claim forms. DOE regulations does not extend this option to IHCD A so sub-grantees are required to retain the originally, signed claim form along with back up documentation in a hard copy, paper file for the required retention period.

This DOE guidance to accept a photocopy signature only applies to claim forms. The State of Indiana requires grant agreements and all affiliated forms (original budgets, budget modification forms and close out forms) to bear the original signature in hard copy form.

For all forms and agreements, the signature must by one of the sub-grantees "Authorized Signatures" as notarized and approved on IHCD A Authorized Signature Form. If the person approved as the sub-grantee's authorized signature leaves or become ineligible to represent the organization, a new form must be submitted and approved before the person's signature can be accepted on the forms and the form is processed.

The required retention period is outlined in 10 CFR 600.242(a) and (b) requires that financial and programmatic records, supporting documents and statistical records must be retained for three years after the last expenditure report is submitted. If any litigation, claim, negotiation, audit or other action involving the records has been started before the expiration of the 3-year

period, the records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular 3-year period, whichever is later.

#### Procedures to Submit Paperless Claims

As of the effective date of this guidance, all weatherization grant claims must be submitted completely online. Paperless claims will be submitted online at <https://IHCDOnline.com> and follow the attached "Claims Management User Guide" updated as of 11/15/2010.

**Effective Date: *December 1, 2010*** for all Weatherization grant claims funded by ARRA, DOE, LIHEAP and SERC funds.